



TREASURER-TAX COLLECTOR VENTURA COUNTY

SUE HORGAN
TREASURER-
TAX COLLECTOR

Marilou Tan
Assistant Treasurer-Tax Collector

June 18, 2024

Ventura County Board of Supervisors
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Receive and File Report of Investments, Including Market Values for Investments for the Month Ending April 30, 2024.

RECOMMENDATION: Receive and File

FISCAL/MANDATES IMPACT: None

STRATEGIC PLAN PRIORITY: The item presented in this Board letter supports making responsible and efficient use of public funds and promotes economic stability and growth during a changing economy.

DISCUSSION:

This report covers the one-month period ending April 30, 2024.

The **average daily portfolio balance** for April was \$4.911 billion, a nearly 13% increase from March. Exhibit 3 shows the cyclical pattern of the portfolio balance and reflects the collection of the second installment of property taxes, the bulk of which was in April. The portfolio balance peaked at \$5.22 billion on April 29, 2024.

The **Effective Rate of Return**, net of administrative fees, for April was 4.52%, an increase from the 4.41% earned in March. Indications from Federal Reserve Chair Jerome Powell are that rates are likely to remain at this level for now until it becomes clear that inflation is within acceptable levels.

If the current portfolio investments are all held to maturity, the portfolio's gross **approximate yield to maturity** would be 4.61%.

April's **net earnings** were \$18,465,857, a nearly \$2 million increase from March due to the larger portfolio balance and the higher rate of return.

The **weighted average days to maturity** increased to 310 days, reflecting our strategy to invest farther out the yield curve to take advantage of higher rates while they are available. The interest-rate sensitivity measure of **effective duration** increased slightly to 0.738. Both numbers comfortably meet expectations for LGIP programs like ours.

800 South Victoria Avenue, Ventura, California 93009-1290

www.venturapropertytax.org (805) 654-3734

We continue focusing on risk management, high credit quality, and diversification. Exhibit 8 is a valuable pie chart graphically illustrating the portfolio holdings by Standard & Poor's (S&P) ratings. Nearly 41% of the portfolio is in the highest short-term and long-term rating categories (A-1+ and AAA). In addition, U.S. Treasury securities represent 16.03% of the portfolio balance. U.S. Treasury securities are rated AA+ by S&P and Fitch, so they are not included in the nearly 41% mentioned above but are still considered the safest investments.

The **three largest sectors**, by percentage, were U.S. Treasuries/Government Agencies (37.49%), Yankee Certificates of Deposit (24.44%), and Commercial Paper (11.23%). The **three largest issuers**, by percentage, were the U.S. Treasuries (16.03%), the Federal Home Loan Bank (9.49%), and the Federal Farm Credit Bank (5.67%). The **three highest-yielding sectors**, by annualized percentage yield, were Commercial Paper (5.58%), Yankee CDs (5.39%), and Medium-Term Corporate Notes (4.71%).

The portfolio has been managed with the objectives of safety, liquidity, and earning a competitive return, as outlined in the Statement of Investment Policy. In striving to maintain **the primary objective, safety of principal**, the County of Ventura has continuously maintained a rating of AA+/S1+ by S&P, the highest rating given by that agency. The rating was reaffirmed in November 2023 and reflects the results of the comprehensive audit and review conducted by S&P. The rating reflects S&P's opinion that the portfolio is well-managed, credit-worthy, well-diversified, and has a low sensitivity to interest rate variations. Regarding **the secondary objective of maintaining sufficient liquidity** to meet cash flow needs, the portfolio maintains significant reserves in the cash equivalent Sweep Account and substantial holdings in LAIF and CalTrust. The portfolio has the ability to meet its participants' expenditure requirements for the next six months, pursuant to a daily study of projected cash flows. All of the portfolio's assets have a well-developed resale market, although, of course, it is our practice not to sell. **Earning a competitive rate of return** is reflected in our performance against our benchmark, LAIF, even though LAIF has a less restrictive investment policy than ours and has no S&P rating.

This letter has been reviewed and approved as to form by the County Executive Office, the Auditor-Controller's Office, and County Counsel.

Please contact me at 805-654-3771 if you have any questions or require further information regarding this item.

Sincerely,



Sue Horgan
Treasurer-Tax Collector

Exhibit 1 – Principal Custody Solutions Market Cost Value Comparison Report – April 2024

Exhibit 2 – Monthly Transactions Report – April 2024

Exhibit 3 – Portfolio Average Monthly Balance Graph – April 2022 – April 2024

Exhibit 4 – Average Maturity Graph – April 2022 – April 2024

Exhibit 5 – Rolling 2-Year Percentage Yield Graph – April 2022 – April 2024

Exhibit 6 – Rolling 2-Year Dollar Yield Graph – April 2022 – April 2024

Exhibit 7 – Portfolio Holdings by Class Graph – April 2024

Exhibit 8 – Portfolio Holdings by Standard and Poor's Credit Rating Graph – April 2024